

Senate Study Bill 1139

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON BOLKCOM)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to a biomass burning stove tax credit under the
2 individual and corporate income taxes and including a
3 retroactive applicability date provision.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 1054SC 82
6 mg/cf/24

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1 1 Section 1. NEW SECTION. 422.11T BIOMASS BURNING STOVE
1 2 TAX CREDIT.
1 3 1. The taxes imposed under this division, less the amounts
1 4 of nonrefundable credits, shall be reduced by a biomass
1 5 burning stove tax credit equal to twenty-five percent of the
1 6 cost paid by the taxpayer for the purchase and installation of
1 7 a biomass burning stove in a residential building owned by the
1 8 taxpayer.
1 9 2. The taxpayer shall claim one-fifth of the amount of the
1 10 tax credit allowed under subsection 1 in the tax year of the
1 11 installation of the biomass burning stove and one-fifth of the
1 12 amount of the tax credit in each of the subsequent four tax
1 13 years.
1 14 3. A taxpayer shall not be allowed a tax credit under this
1 15 section if a tax credit is granted to the taxpayer pursuant to
1 16 chapter 476C for the same biomass burning stove.
1 17 4. Any credit in excess of the taxpayer's tax liability
1 18 shall be refunded. In lieu of claiming a refund, the taxpayer
1 19 may elect to have the overpayment shown on the taxpayer's
1 20 final, completed return credited to the tax liability for the
1 21 following tax year.
1 22 5. An individual may claim the tax credit allowed a
1 23 partnership, limited liability company, S corporation, estate,
1 24 or trust electing to have the income taxed directly to the
1 25 individual. The amount claimed by the individual shall be
1 26 based upon the pro rata share of the individual's earnings of
1 27 a partnership, limited liability company, S corporation,
1 28 estate, or trust.
1 29 6. As used in this section:
1 30 a. "Biomass burning stove" means a stove or boiler
1 31 designed specifically to utilize biomass fuel and that has a
1 32 capacity of at least five hundred thousand British thermal
1 33 units. "Biomass burning stove" does not include a
1 34 conventional wood burning stove.
1 35 b. "Biomass fuel" means pellets made from agricultural or
2 1 forest products waste including but not limited to corn, wood,
2 2 and switchgrass.
2 3 Sec. 2. Section 422.33, Code 2007, is amended by adding
2 4 the following new subsection:
2 5 NEW SUBSECTION. 24. a. The taxes imposed under this
2 6 division shall be reduced by a biomass burning stove tax
2 7 credit equal to twenty-five percent of the cost paid by the
2 8 taxpayer for the purchase and installation of a biomass
2 9 burning stove in a residential building owned by the taxpayer.
2 10 b. The taxpayer shall claim one-fifth of the amount of the
2 11 tax credit allowed under subsection 1 in the tax year of the
2 12 installation of the biomass burning stove and one-fifth of the
2 13 amount of the tax credit in each of the subsequent four tax
2 14 years.
2 15 c. A taxpayer shall not be allowed a tax credit under this
2 16 subsection if a tax credit is granted to the taxpayer pursuant
2 17 to chapter 476C for the same biomass burning stove.

2 18 d. Any credit in excess of the taxpayer's tax liability
2 19 shall be refunded. In lieu of claiming a refund, the taxpayer
2 20 may elect to have the overpayment shown on the taxpayer's
2 21 final, completed return credited to the tax liability for the
2 22 following tax year.

2 23 e. As used in this subsection:

2 24 (1) "Biomass burning stove" means a stove or boiler
2 25 designed specifically to utilize biomass fuel and that has a
2 26 capacity of at least five hundred thousand British thermal
2 27 units. "Biomass burning stove" does not include a
2 28 conventional wood burning stove.

2 29 (2) "Biomass fuel" means pellets made from agricultural or
2 30 forest products waste, including but not limited to corn,
2 31 wood, and switchgrass.

2 32 Sec. 3. RETROACTIVE APPLICABILITY DATE. This Act applies
2 33 retroactively to January 1, 2007, for tax years beginning on
2 34 or after that date.

2 35 EXPLANATION

3 1 This bill provides individual and corporate income tax
3 2 credits for the purchase and installation of biomass burning
3 3 stoves. A biomass burning stove is a stove or boiler designed
3 4 to utilize agricultural or forest products waste, including
3 5 corn, wood, and switchgrass for heating residential buildings
3 6 and that has a capacity of 500,000 British thermal units. The
3 7 amount of the credit equals 25 percent of the purchase and
3 8 installation costs. The credit is to be claimed equally over
3 9 five tax years. The credit is refundable.

3 10 The bill applies retroactively to January 1, 2007, for tax
3 11 years beginning on or after that date.

3 12 LSB 1054SC 82

3 13 mg:sc/cf/24